



Substitute Senate Bill No. 1256

Public Act No. 05-96

AN ACT CONCERNING THE DEFINITION OF "CHAIN STORE" FOR PURPOSES OF CERTAIN CIGARETTE TAX STATUTES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (a) of section 12-286 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(a) (1) The commissioner shall, after May 25, 1994, require for an initial application for a distributor's license, in addition to such other information deemed to be necessary, the filing of three affidavits from three recognized manufacturers of cigarettes stating such manufacturers' intent to supply the distributor if the applicant is granted a license. A chain store shall be exempt from filing such affidavits. Any pending application on May 25, 1994, and any person purchasing the business of a licensed distributor shall be exempt from filing such affidavits. For purposes of this subsection, "chain store" means the operator [or franchisor] of five or more retail establishments with common ownership and control.

(2) The commissioner may make public a list of recognized manufacturers of cigarettes.

Sec. 2. Subsection (a) of section 12-326a of the general statutes is

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repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(a) As used in sections 12-326a to 12-326h, inclusive, (1) "stamping agent" means a licensed distributor other than a buying pool, who purchases cigarettes at wholesale from manufacturers or other distributors for sale to licensed dealers and who maintains an established place of business, including a location used exclusively for such business, which has facilities in which a substantial stock of cigarettes and related merchandise for resale can be kept at all times, and who sells at least seventy-five per cent of such cigarettes to retailers who, at no time, shall own any interest in the business of the distributor as a partner, stockholder or trustee; (2) "subjobber" means a licensed distributor who purchases stamped cigarettes at wholesale for sale to licensed dealers who, at no time, shall own any interest in the business of the distributor as a partner, stockholder or trustee; (3) "chain store" means a licensed distributor (A) operating [or franchising] five or more retail stores with common ownership and control in this state for the sale of cigarettes who purchases cigarettes at wholesale either from another distributor or direct from the manufacturer for sale to dealers but sells such cigarettes exclusively in or to retail stores such person is operating, [or franchising] or (B) operating and servicing twenty-five or more cigarette vending machines in this state who buys such cigarettes at wholesale and sells them exclusively in such vending machines; (4) "cost" means the basic cost of cigarettes plus the cost of doing business; (5) "basic cost of cigarettes" means (A) the lower of (i) the invoice cost of the cigarettes to the distributor or dealer, as the case may be, or (ii) the replacement cost in the quantity last purchased, plus (B) the full face value of any stamps which may be required by this chapter, if not already included in the invoice cost, minus (C) all trade discounts, if any, other than cash discounts; (6) "cost of doing business" means the costs, as computed for federal income tax purposes, that are related to the sale

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of cigarettes, including but not limited to labor costs, including salaries of executives and officers, rent, depreciation, selling costs, maintenance of equipment, delivery costs, interest, licenses, taxes, insurance, advertising, preopening expenses and any central and regional administrative expenses, expressed as a percentage of the basic cost of cigarettes and applied thereto. In applying such percentage to the basic cost of cigarettes, any fractional part of a cent equal to one-tenth or more of one cent per carton of ten packages of cigarettes shall be rounded to the next higher cent.

Approved June 7, 2005